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SUBJECT: LUGO LAUNCHES AGRARIAN REFORM

11. (SBU) SUMMARY: Following the creation of an inter-agency commission in November, President Lugo launched an agrarian reform program January 12 in San Pedro Department. Lugo's program is more of a national social plan to assist landless peasants than agrarian reform per se. It is a good start, but expectations are high, and this issue is one of the Lugo administration's biggest (and longer-term) challenges. In addition to a national land survey, Lugo will need to develop a more comprehensive plan and gain the buy-in of the private sector. END SUMMARY.

LUGO LAUNCHES INCREMENTAL AGRARIAN REFORM

12. (U) President Lugo created the Agrarian Reform Executive Coordinator (CEPRA) in November, which is administered by National Institute for Rural and Land Development (INDERT). CEPRA is a 21-member inter-agency commission which will oversee Lugo's agrarian reform agenda. Its members include the Ministries of Agriculture and Livestock, Health and Social Welfare, Education and Culture, Public Works and Communications, Commerce and Industry; ministerial-level institutions; department and municipal governments; and Paraguayan state-owned enterprises.

13. (U) With that architecture in place, the Lugo administration launched its agrarian reform program January 12 in rural San Pedro Department, one of the country's poorest areas. INDERT President Alberto Alderete, Interior Minister Rafael Filizzola, and Agriculture Minister Candido Vera Bejarano jointly announced that the Paraguayan government would fund USD 12 million in infrastructure and social works projects to assist 5,000 campesino families living in 26 settlements in San Pedro. INDERT General Manager Blas Recalde told EmbOffs January 13 that after San Pedro, CEPRA will expand its agrarian reform program to include "hot-spots" in the departments of Canindeyu, Caaguazu, Misiones and Caazapa.

14. (U) The Paraguayan government does not have an official record of the number of campesinos in Paraguay or an official register of land allocated to them. Consequently, many buy, sell, or occupy land without title; inherit land without going through legal inheritance procedures; are in constant disputes over property size; and compete for title rights of the same property. Paraguay has one of the most unbalanced land-holding disparities in the world. The 1991 land survey revealed that 351 persons own 9.7 million hectares of the country's land. There are legal titles to more than 600,000 square kilometers of land, but Paraguay's territory is only about 406,750 square kilometers. Many land titles were fraudulently obtained, and many people hold "rights" to land that can't be legally sold. The poor, particularly in the country's interior, lack access to credit, and given increased insecurity in rural areas, are seeking a better future in Asuncion.

AGRARIAN REFORM -- A LUGO PRIORITY

¶5. (SBU) During the 2008 election campaign, Lugo promised to conduct national land reform, recupérate public land illegally acquired by government officials - particularly during the Stroessner regime - and conduct a national land survey. Paraguayans elected Lugo with high expectations that his administration would implement comprehensive agrarian reform. Recalde told EmbOfs that Lugo's administration has not yet initiated comprehensive agrarian reform, noting that CEPRA is currently developing a nationwide plan. He said CEPRA will initially implement reform through small-scale land surveys, infrastructure projects, and social welfare programs.

¶6. (SBU) According to Recalde, Lugo's main objectives for agrarian reform are to alleviate poverty and improve the welfare of approximately 120,000 impoverished campesino families via integrated assistance programs. He explained that the program would help the government mitigate social pressure -- including peasant protests and land invasions -- tackling poverty and land issues. Recalde made clear that Paraguay's land reform would not receive external funding from other countries or international organizations, specifically mentioning Bolivia, Venezuela, the World Bank, and the IMF.

AGRARIAN REFORM GOALS AND STRATEGIES

¶7. (SBU) Recalde said that CEPRA plans to implement the government's agrarian reform program in seven stages over a 15-year period. The program will set short, medium and long term objectives, and take into account Paraguay's diverse social, political and economic realities. He said that that CEPRA is developing a home-grown, long-term solution to agrarian reform based on a program co-developed by CEPRA and Spanish NGO Intermon Oxfam.

¶8. (U) This year, the Paraguayan government will aggregate CEPRA members' assistance programs; mitigate urgent problems in campesino settlements; solidify the process for engaging campesino groups; and determine criteria for implementing agrarian reform. By 2013, the government wants to consolidate agrarian reform policies; increase peasants' access to land; promote sustainable agriculture by providing training to farmers; introduce additional campesino social welfare programs; and improve public transparency, efficiency, coordination, and productivity in the agriculture sector. Finally, by 2023 the government intends to equalize access to land resources; achieve sustainable rural development; and implement key legal reforms that will help position Paraguay as a key agriculture producer and exporter.

¶9. (SBU) CEPRA's reform efforts will focus on seven key areas, including: access to land; technical assistance through public entities; access to credit; investment in social programs; production and infrastructure; a land survey; and a strategy for an integrated agrarian reform. Recalde emphasized that the program will prioritize agrarian self-sufficiency by teaching campesinos farming techniques, encouraging commercialization, increasing access to inputs, including land titles; improving infrastructure; and introducing social programs to improve peasants' livelihoods.

LUGO'S REFORMS HAUNTED BY THE PAST

¶10. (SBU) Previous attempts at land reform in Paraguay -- including incomplete land censuses and attempts by INDERT and other agencies to purchase land on behalf of campesinos -- failed to live up to their promises due to insufficient political will and political interference. Corruption, political meddling, and a lack of inter-agency coordination contributed to the government's failure to demarcate boundaries accurately, register land titles, preserve records, adjudicate land rights, and resolve land disputes. In addition, many persons have become professionals at working the system - petitioning for land, selling the land, and petitioning again. INDERT President Alderete told Charge February 2 he has a list of people who have received land from INDERT in the past and will not be allowed repeat claims. Alderete also said if CEPRA is not successful in its efforts, land reform will fail.

¶11. (SBU) Internationally-supported land reform programs such as the USD 29 million 1992 World Bank-funded "Cadastre and Property Registry Program" have had little impact. The International Development Bank has worked with the government since 2004 to eliminate barriers to property registration services; increase the legal certainty of land deeds; phase out of government administration of colonial settlements; and legalize land titles.

COMMENT

¶12. (SBU) Lugo's agrarian reform project is more of a national social program to assist landless peasants than agrarian reform per se. As a net food exporter, Paraguay's economy is agriculture-based and all relevant actors have a stake in the process. Some influential private agriculture producers feel Lugo has not made their security a priority or fully included them in the process. While there appears to be consensus that a national land survey is an integral part of land reform, no action has been taken to move a survey forward as yet. Expectations are high, and while Lugo's program is a good start, this issue is one of his administration's biggest (and longer-term) challenges. In the short term, Lugo's reform efforts could assuage increasingly agitated campesinos. In the long run, however, if Lugo is to implement a successful agrarian reform policy - something none of his predecessors could do - he will need to develop a more comprehensive plan with the support of key stake-holders such as the private sector. END COMMENT.